



Flanders
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LABOUR MARKET

IN POLAND

FLANDERS INVESTMENT & TRADE MARKET SURVEY



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Labour market in Poland

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Flanders Investment & Trade in Poznan

Ul. Orzeszkowej 14 lok. 3

60-778 Poznań – Poland

T: +48 61 671 07 58 | E-mail: poznan@fitagency.com

Table of content

1.	General information.....	3
1.1	GDP.....	3
1.2	Employment	4
1.3	Unemployment.....	4
2.	Labour market changes in selected sectors	6
2.1	The IT sector and the fintech niche.....	7
2.2	Food service and food industry	9
2.3	Logistics and transportation	9
2.4	Construction services.....	10
2.5	Manufacturing.....	12
2.6	Salaries in Poland - Summary.....	12
3.	Labour from Ukraine – solution for shortages?.....	12
4.	The future of labour market in Poland.....	13
5.	Useful links	13
6.	Sources	13

1.2 Employment

In 2016, the **EU-28 employment** rate for persons aged 20 to 64, as measured by the EU labour force survey (EU LFS), was 71.1%, the highest annual average ever recorded for the EU. Behind this average number, large differences between countries can nevertheless be found. Countries with rates in the 60s form two clusters: one western-Mediterranean/Adriatic (Spain, Italy and Croatia) and the other at the eastern border of the EU, going from the south end of the Baltic Sea to the south-western end of the Black Sea (Poland, Slovakia, Romania, Bulgaria). Additionally, this group of countries also includes Belgium.

According to GUS (Central Statistical Office of Poland), the average employment in enterprises in Poland in August 2017 was equal to 6.00256 mln that is 4.6% more than a year earlier (compared to 4.5% increase in July 2017). The biggest increases were noted in administration and support operations (by 9.8%), accommodation and catering (by 9.3%), information and communication (by 8.3%) and professional services, research & development (by 7.7%). The increase in employment (between 1.4 and 6.4%) was noted also in transport and warehousing, trade, car repairs, real estate support services, industrial processing, water supply, waste and waste water treatment, reclamation and construction.

1.3 Unemployment

In 2017 Poland is among the countries with the lowest level of unemployment. In the EU the unemployment rate is around 7.7%, and it was 8.6% a year ago. In Poland the rate for 2017 is 4.8%. Number of the unemployed in Poland is calculated using the BAEL methodology and was estimated at 832 thousand. As a comparison, just a year ago, Poland had 1.102 million unemployed, which gave an unemployment rate of 6.4%.

Unemployment rate in Poland from 2004 to present

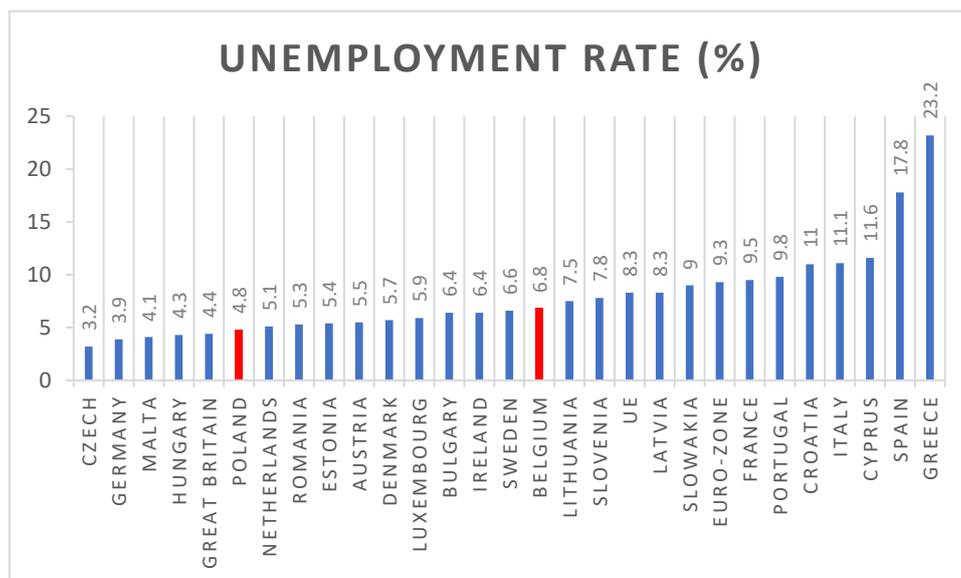


Figure 2 Unemployment rate in Europe
Source: GUS 2017

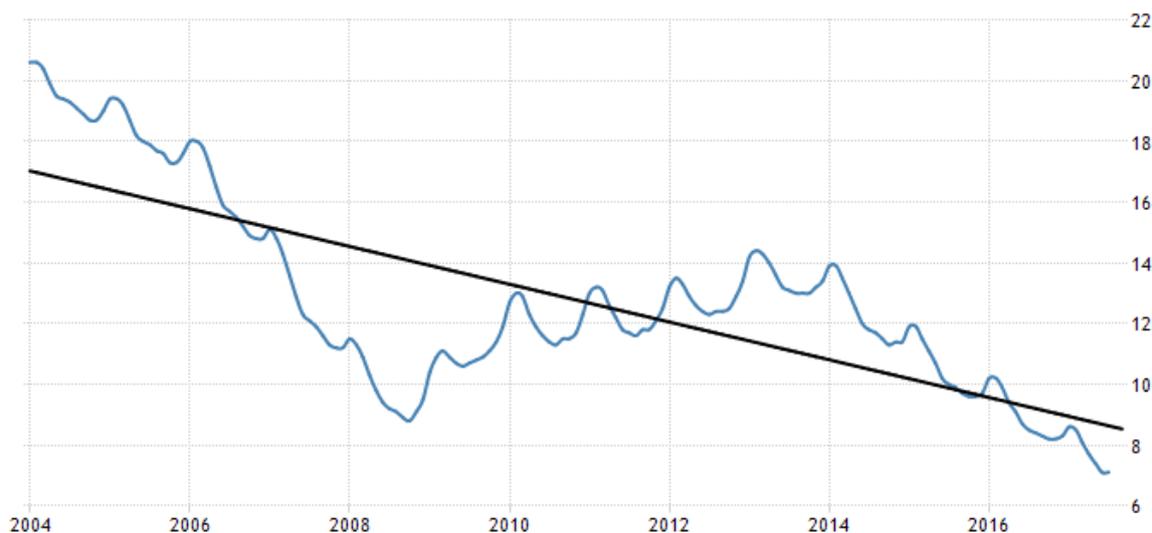


Figure 3 Unemployment rate in Poland from 2004 to present
Source: GUS 2017

As for the end of 2016, data on unemployment rates in specific voivodeships is as follows:

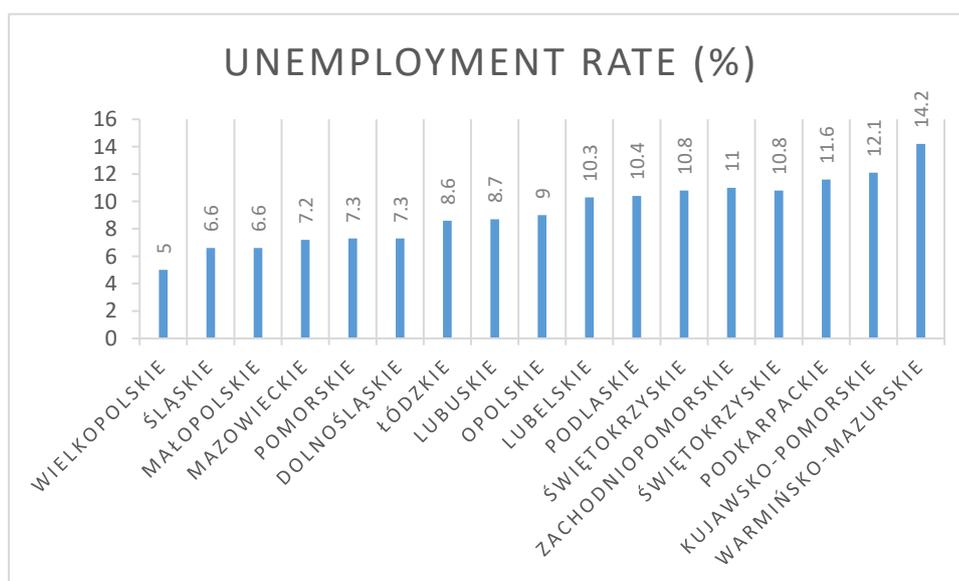


Figure 4 Unemployment rate in Poland in 2016
Source: GUS 2017

The lowest rate of unemployment occurs in the largest Polish cities: Poznan – 2%, Warsaw and Wrocław – 2,8%, Katowice – 2,9%, Gdansk and Cracow – 3,8%, Szczecin – 4,7%. On the other hand, there are places in Poland where the unemployment rate is higher than 20%. Such situation could be noted specifically in the mazowieckie voivodeship (Warsaw), and the warmińsko-mazurskie voivodeship (Olsztyn), where in some regions unemployment reaches 27,9%.

An analysis of job offers posted in the third quarter of this year on Praca.pl - a popular portal for employers and employees, reveals that as much as 18% of all job offers come from the mazowieckie voivodeship, out of which as much as 60% from Warsaw only. 11% share in job offers in total was noted for the slaskie (Katowice) and malopolskie (mostly for Cracow) voivodeships. Similar number of offers was presented for dolnoslaskie (Wroclaw) and wielkopolskie (Poznan) voivodeships: 10% and 9% of total number accordingly.

2. Labour market changes in selected sectors

According to GUS estimates, currently Poland lacks about 120 thousand employees. Employers salvage the situation by hiring employees from abroad. In most cases, Polish labour market is supported by Ukrainians, but more often those are people from other EU countries, where unemployment is much higher than in Poland. This is confirmed by the Ministry of Family, Labour and Social Policy data, which concludes that in the first five months of 2017 almost 735 thousand statements on intention to employ Ukrainians were registered. This is by half more than a year before.

Within the last few years the situation on Polish labour market has changed drastically. It was not so long ago that the Poland's high unemployment rate caused significant problems. Today, it is hard to find people to do the work. The employees market, although beneficial for employees, may become dangerous for the economy. That is why Polish companies look for employees to ensure sustainable manufacturing.

Work Service company's survey (www.workservice.com) shows that the majority of Poles thinks that in light of the current situation, luring back those Poles who are currently abroad should solve the problem - this is the opinion of 73% of survey respondents. More than one third (32%) of respondents agree that hiring employees from the neighbouring eastern countries is a good solution. Almost the same share (30%) of respondents think that Poland should attract employees from other EU countries.

At the first glance, this is not so obvious. For many years Poles have been used to the situation where it was them who went abroad to Western Europe to look for work. So what could possibly attract a German or a French to work in Poland? Probably nothing, but for Greeks, Spanish or Italians - there would definitely be something interesting.

Eurostat data for May (05/2017) show that Greece, Spain or Italy currently note the highest unemployment within the EU, with rates of 22.5%, 17.7% and 11.3% respectively. Those are the regions from where Poland could hire employees for the quickly developing BPO sector that needs thousands of new employees constantly, according to Andrzej Kubisiak, Management Board member of Work Service.

Work Service – the biggest Central and Eastern Europe HR company. In business since 1999. Operating in 17 countries. Deals with HR consulting, outsourcing, personnel selection, international employee exchange and temporary employment. The Work Service group includes the following specialist companies: Finance Care – HR for banking and finance, Antal – HR for specialists, managers and HR advisory services, Clean Staff – tools for business and public space cleaning and maintenance services, Enloyd – specialist recruitment processes, Exact Systems – outsourcing, Sellpro – service merchandising and distribution, Work Service Express – temporary employment and personal advisory service. The group also includes foreign companies from the Czech Republic, Slovakia, Russia and Germany.

Polish labour market problem may also grow due to demographic issues.

Most recent UN data show that our population shrinks at the alarming speed - at the end of this century there will be half as many of us as now! If we fail at improving professional stimulation of Poles and bringing new people into the market, our economy will come to a stop. What is important, many Poles are already aware of this, as only 4% of them don't see the need to attract additional workers into our country - Maciej Witucki, President of Work Service S.A. Management Board, says.

Changes start with that the labour market today is more selective. Today, there is a high demand for managers, professionals, and middle- and senior-level office workers, but the demand for less skilled workers, craftsmen, industrial workers, etc. is lower. There are sectors of the economy where the demand for labour by far exceeds the supply, and there are other areas where it is hard for workers to find a job. On websites with job offers we can easily notice the enormous demand for workers from the service centres of foreign corporations, which are mainly concentrated in the large cities. The situation is different in smaller towns, where the majority of Poles live.

Wages are extremely important in labour market nowadays. It is major factor for most of the people. According to the research driven by Antal, 45% of professional and managers were motivated to change job because of higher salary, 43% being offered more attractive career development prospects and 33% were motivated by the fact that the company was incompletely managed. Same group point conditions of job change, such as: 73% said higher salary, 56% permanent employment contract, 41% flexible working hours, 38% recognized employer brand image. The study shows fast market change, and drivers of those changes.

2.1 The IT sector and the fintech niche

Currently, IT is the quickest developing sector worldwide. Every year about 40 thousand alumni of IT-related faculties leave Polish universities. According to the European Commission estimates, EU may lack even as much as 825 thousand IT employees by year 2020. For Poland such deficiency is estimated at 30-50 thousand. Despite high number of graduates in Poland, the demand for IT specialists is still high, as some of them choose to work abroad. Remuneration is a significant factor that employers may use to attract specialists. IT specialists are among those who are paid best salaries. Remuneration though depends on the position held, specialisation, proficiency with regard to specific technologies, and experience. Gross average salary in this sector is around 11,000 PLN (2,620 EUR) per month (in 2015 it was 9,419 PLN - 2,245 EUR). The graph below shows salaries of senior programmers, i.e. those who have significant practice in a specific area, perform complicated tasks, and whose professional experience is not less than 3 years.

**Total remuneration
of senior programmers with employment contract (gross, PLN)**

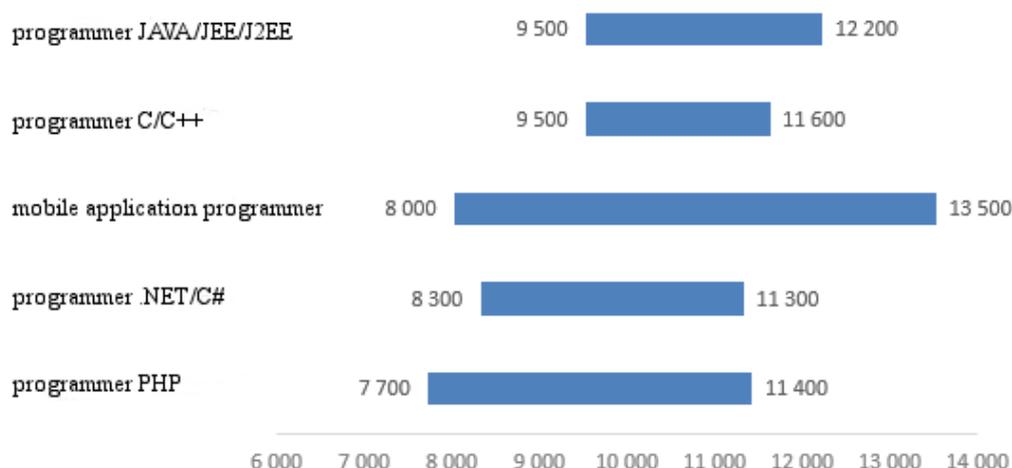


Figure 5 Total remuneration of a senior programmer (in PLN)
Source: Sedlak&Sedlak 2016

The highest salaries are enjoyed by JAVA senior programmers - half of them earn between 9,500 and 12,200 PLN (2,262 - 2,905 EUR). C/C++ senior programmers are on the second position with salaries between 9,500 - 11,600 PLN (2,262 - 2,762 EUR). Third position is held by mobile applications programmers - half of them earn between 8,000 and 13,500 PLN (1,905 - 3,215 EUR). Employers hiring programmers often use other forms of contractual agreements than an employment agreement. Programmers are employed based on agreement for delivery of work (umowa o dzieło), agreement for performance of a task (umowa zlecenie) or a different type of contract. Sedlak & Sedlak 2017 remuneration report for the IT sector takes into account any of the above forms of employment. Highest remunerations are enjoyed by senior programmers working on contract. Half of them earn more than 12,000 PLN (2,860 EUR). As a comparison, senior programmers hired based on employment agreement receive salary lower by almost 2,000 PLN. With regard to junior programmers, so those with little or no experience, the highest remuneration is enjoyed by those employed based on contract as well. Half of them earn more than 6,100 PLN (1,450 EUR). Specialists employed based on employment agreement earn around 1,200 PLN (286 EUR) less; those working based on agreement for performance of specific task receive remuneration of 4,000 PLN (950 EUR).

“FinTech” is a term related to IT solutions designed for the financial sector, including technologies for each operating and newly created entity. This branch may divide the financial sector into the following eight groups: banking, insurance, asset management and capital markets, equity capital and welfare management, payments, data analysis, cybercrime and other. In Central and Eastern Europe, Poland is the leader as far as size of fin-tech branch is concerned. At the end of 2016, this sector was evaluated by Deloitte at 856 mln euro, and its value constantly grows. Modern fintech companies are established as start-ups. Before they find financial sector enterprises, their income is rather low. In 2016, approximately 65% of fintech start-ups were earning between 500 and 1,500 PLN (120-360 EUR) per month. The remaining 35% earned from 2,000 up to even 20,000 PLN (476

- 4,762 EUR) per month. The key issue here is the start-up recognition and whether cooperation with large financial institutions has been established. Foreign companies have learned that Polish programmers are valuable and future-proof partners. This is why mainly US and British companies utilize services of Polish fintech companies. Upon establishing cooperation with foreign companies, Polish start-ups receive financial assets for development; those are amounts of about several millions of euros or US dollars.

2.2 Food service and food industry

According to National Remuneration Report, a survey carried out by Sedlak&Sedlak (www.sedlak.pl), regarding HoReCa remuneration in 2016, it may be noted that the highest average remuneration in hotels, catering and tourism was for employees working within the mazowieckie voivodship – gross 4,000 PLN (953 EUR), and the lowest - in the opolskie voivodship – gross 2,258 PLN (550 EUR).



Figure 6 Remuneration in HoReCa
Source: Portal Spożywczy

The highest average monthly remuneration was noted for the position of a hotel manager and chef - 4,500 PLN (1,075 EUR). The lowest remuneration was noted for commis chefs - 2,000 PLN (476 EUR). The remuneration median for HoReCa employees in companies with majority of Polish capital was 2,931 PLN (700 EUR).

A food industry sales representative may expect the remuneration between 3,000 and 4,500 PLN (715 - 1,070 EUR) plus commission on sales. On the other hand a sales manager may earn 5,000 - 6,000 PLN (1,190 - 1,450 EUR).

2.3 Logistics and transportation

Referring to the PwC report on labour market in the transport sector, there is a shortage of professional drivers, which is not only the characteristic of Poland, but also other EU countries.

The direct share of the transport and warehouse management sector in the GDP of Poland grew in the years 2004–2014 from 5.4% to 6.5%. The total carriage performance of the Polish companies increased over that period to 69%. At the same time around 20% of professional drivers think about leaving the profession. Also in the transport sector, employees from East European countries seem to be a cure for a difficult situation. Only in 2016, the number of Ukrainian and Belarussian drivers doubled, as compared to the previous year. It seems, however, that in a long-term perspective, foreign drivers will not solve the problem of the shortage of drivers on the Polish market, mainly because of the exhaustion of the reserves of drivers interested in work in Poland. A new source to supply professional drivers to the Polish market may be Kazakhstan.

According to data presented in various articles on transportation-related portals, currently a truck driver may earn much more than his remuneration presented in the 2014 report. Currently, the remuneration for drivers on international routes varies from 4 thousand PLN to 10 thousand PLN (955 - 2,380 EUR). According to a survey carried out by Sedlak&Sedlak, total monthly remuneration for this position is 6,842 PLN (1,630 EUR). Every other shipping and transport manager/logistics manager receives a remuneration from 4,900 PLN up to 9,300 PLN (1,170 - 2,215 EUR). 25% of the logistic managers with the lowest remuneration earn below 4,900 PLN gross (1,170 EUR). 25% of the best paid logistic manager may expect remuneration of more than 9,300 PLN gross (2,215 EUR).

2.4 Construction services

In 2016 the average remuneration for the construction industry was 4,000 PLN (955 EUR). Half of those employed in the sector earned between 3,000 PLN and 5,900 PLN (715 – 1,405 EUR). The remuneration of managers in the sector was almost four times higher than those of regular employees, as presented by data in the following table.

Overall remuneration for various management levels in construction industry in 2016.

	test	25% earned below	median	25% earned above
a serial workers	1926	2100	2 700	3500
specialists	3728	3000	3 900	5000
managers	2272	4200	5 700	7965
directors	370	7200	10 664	17000

Figure 7 Overall remuneration for various management level in the construction industry in 2016
Source: Sedlak&Sedlak 2016

People employed in the mazowieckie voivodship (Warsaw) enjoyed the highest remuneration. Median of their salaries was 5,000 PLN (1,190 EUR). On the other hand the podkarpackie voivodship employees had the lowest remuneration (3,400 PLN – 810 EUR; Rzeszow).

Monthly total remuneration
in the construction industry at selected positions in 2016 (PLN)

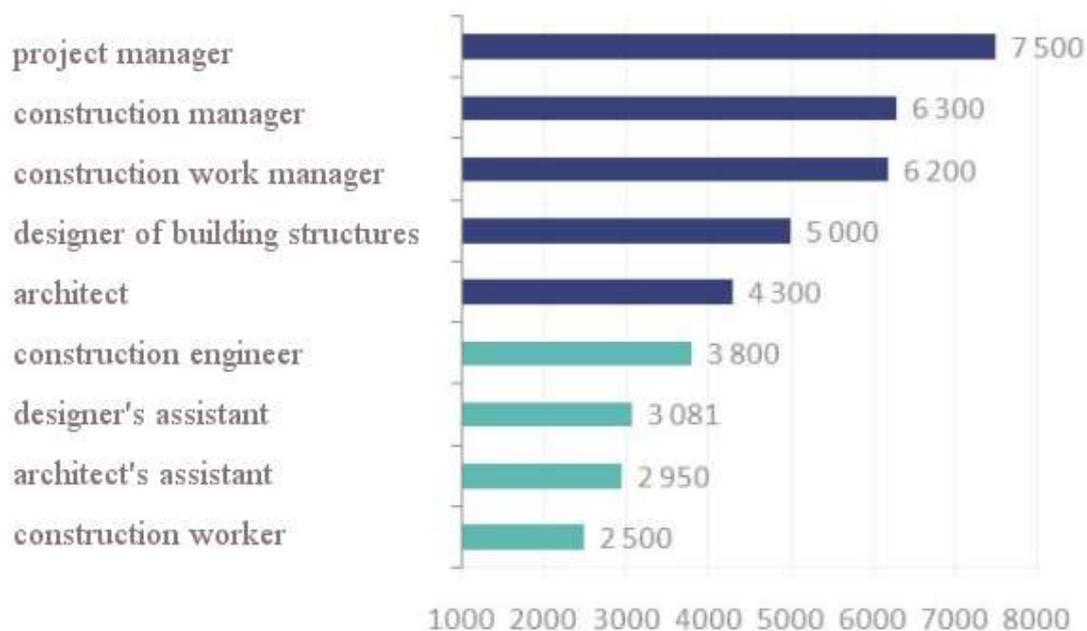


Figure 8 Monthly total remuneration in the construction industry at selected positions in 2016
Source: Sedlak&Sedlak 2016

The overall remuneration median
in specific voivodships for construction industry in 2016 (PLN)

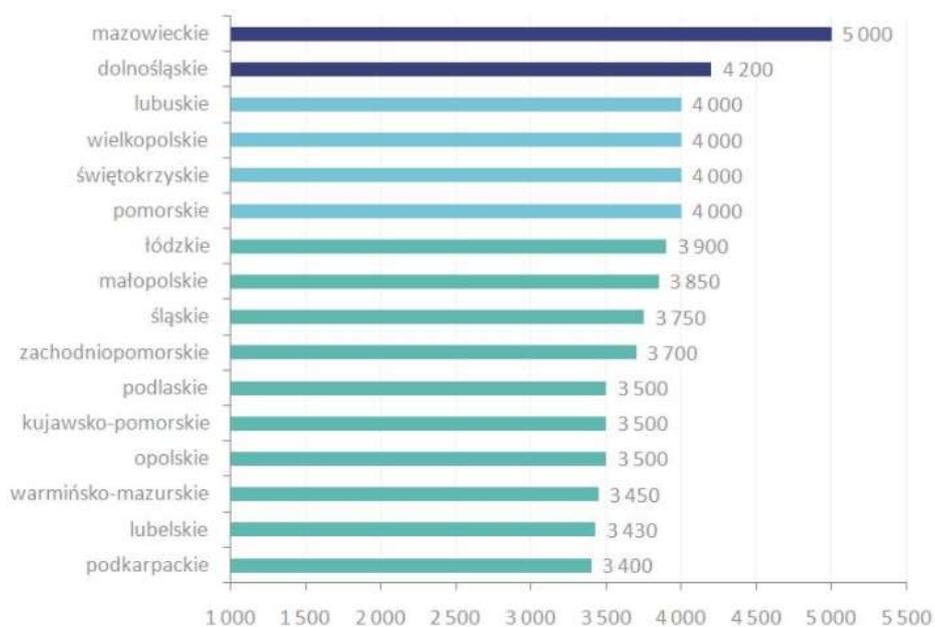


Figure 9 The overall remuneration median in specific voivodships for construction industry in 2016
Source: Sedlak&Sedlak 2016

2.5 Manufacturing

In the manufacturing sector the problem with finding adequately qualified employees is noticeable. This is particularly visible in the western parts of Poland, where more and more manufacturing plants are established. Hiring employees is more difficult, candidates are more aware of their value, so salaries in this area grow. This is true not only for highly qualified management, but also for employees on the lower levels.

2.6 Salaries in Poland - Summary

As much as 4,574 PLN gross (1100€), or about 3,250 PLN net (785€), was an average remuneration for enterprises in October. As a result, nominal remuneration growth exceeded 7% - the biggest value since 2009. This is an unusual dynamics, as so far remuneration growth would be between 2 and 5%, this is also much more than analysts had been expecting. Employment, year to date, increased by 4.5% in September. Although, in some sectors employers claim that there is work but there are no people to do the work. Those are trade and services sectors, where there is lack of employees with low qualifications. Lack of personnel is covered by employees from Ukraine and those who were still season workers in the summer months. Employers more often look for employees aged 50+, who are an attractive alternative to the young.

3. Labour from Ukraine – solution for shortages?

Nowadays there is probably no one to doubt that in light of the demographic crisis and employment shortages employing Ukrainians in Poland is not only the sole possible, but also the most favourable option for Polish employers. Year by year, employees from Ukraine become more important in building enterprise development in Poland. They fill out vacancies, and, what's more, they bring in their competence and experience.

Ukrainians are currently the biggest group of migrant workers in Poland. Various estimates mention over one million Ukrainians. Unfortunately, precise data are not known due to the lack of statistic research in this regard, but we can safely say the number is higher. The number of Ukrainians in Poland may be estimated based on data collected by the Ministry of Family, Labour and Social Policy every year with regard to the number of statements on intention to hire Ukrainian employees. In 2016, the National Employment Offices issued a record number of 1,262,845 statements, i.e. half a million more than in 2015. Same as before, the reason why Ukrainians decide to leave for Poland are salaries a few times higher, which also grow regularly, especially for employees in manufacturing and those with technical skills. Remuneration is the most important reason to leave for males and older people. The number of Ukrainians planning to stay in Poland grew from 10% in 2015 to 48% in 2017. The better educated employees, the longer they want to stay in Poland. The degree of openness for Ukrainian employees among Poles also increased (from 75% in 2015 to 97% in 2017 in opinion of Ukrainian employees) and overall happiness of employees from Ukraine about their work in Poland (from 84% in 2015 to 94% in 2017). 90% Ukrainian employees are satisfied with their remuneration (increase by 50% compared to 2015).

29% of employees from Ukraine work in jobs related to their education - it is by 21% more than in 2015. Ukrainians in Poland are often well or very well educated. In a survey carried out in 2017, 44% employees from Ukraine had university education, 20% - high school education, 33%-

vocational school education, 4% primary school education. The increase of the number of people employed in jobs related to their education indicates that employers more effectively utilize potential of Ukrainian immigrants. Employing qualified immigrants influences the increase in innovative solutions, overall development and knowledge diffusion in enterprises.

4. The future of labour market in Poland

In 2018 employers will seek mainly engineers, traders/sales representatives, programmers, database analysts, and digital marketing specialists. This does not mean further months will not be good also for other workers. As the data coming from the labour market indicates, 2018 may prove to be crucial for employees of many specialisation.

The Polish labour market shall enter the year of 2018 with yet another increase of minimum salary, with lowered retirement age (60 years of age for women, 65 years for men) and the low unemployment rate. Those factors will surely influence the employment level.

The Polish labour market, just like foreign markets, will experience changes related to development of technologies. Digitalization is visible in more and more sectors - also those where not long ago no place for new technologies could be predicted.

Unfortunately, although clear demand is observed for employees in many sectors, there are specialists that can expect lower number of job offers. Those are customer relations specialists in financial institutions. The decreased demand for those employees results mainly from the change in structure of cooperation between a bank and its customer. Large branch offices are replaced with small ones located, for example, in shopping malls, where less people are employed. Automation of simple banking procedures also takes place, so an employee is replaced with a self-service stand, which is incomparably cheaper than the cost of employment.

5. Useful links

<https://www.mpips.gov.pl/en/> - Ministry of Family, Labour and Social Policy

http://www.paih.gov.pl/publications/labour_market - Polish Investment & Trade Agency

6. Sources

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<https://sedlak.pl/>

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